



# Strengthening communities and the *lives* of Missourians.



Strength, Dignity, Quality of Life  
**MISSOURI HOUSING**  
DEVELOPMENT COMMISSION

2004 Annual Report

# MHDC Success Stories

The work of providing housing for Missouri's citizens is an ongoing, daily process that is conducted through our partnerships with organizations in the neighborhoods, towns, cities and counties throughout the state. We know that each success means someone's housing needs are being met. We highlight just four of the successes with the knowledge that each and every day someone is helped through this support and financial network for affordable housing in Missouri.



## *Living the dream.*

Brienne and her two toddlers came to Almost Home, a transitional home in St. Louis for pregnant teen mothers, in March 2003, with nowhere else to go. Brienne completed the St. Patrick's Center Living Skills Program and in June graduated with a 3.6 GPA from Vashon High School. Today, she attends the University of Missouri in Columbia as a chemistry major with a full academic scholarship. For this young woman, the possibilities are now endless and it began with a place to call home.

## *Finding a home.*

Matthew and Janie Staley and their children were able to finally purchase their own home in Winfield with MHDC funding leveraged through USDA Rural Development's Self-Help Housing Program and Northeast Community Action Agency programs.



## *Discovering a new life.*

Charles Hawkins lives in Frisco Station Apartments, Joplin's one-time train depot, which now serves as a housing facility for seniors. The rehabilitation of the grand old building has created a community of seniors residing in downtown Joplin. Inspired by the redevelopment at Frisco, the city of Joplin will consolidate its offices into an old department store building across the street, which is being rehabbed using Community Development Block Grant funds.





before



after

## *Abandoned to beautiful.*

Daniel and Rosemary had rented all their lives, but they never gave up on their dream of home ownership. Then the City of Cape Girardeau used HOME money, leveraged with funds from several other sources, to rehab 17 houses that had been abandoned. Daniel, Rosemary and their two young children moved into a beautiful home this spring ... their own home. With the help of East Missouri Action Agency, Cape Girardeau has a more viable neighborhood and Daniel and Rosemary have a home of their own.

## Mission

**MHDC is the state's housing finance agency. The Commission is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing.**

## History

The Missouri Housing Development Commission was established by the 75th General Assembly in 1969. Since that time, MHDC has encouraged and assisted in the production of affordable rental housing and provided home ownership opportunities for thousands of families.

It has invested almost \$4 billion in Missouri housing, covering every county of the state, for rental housing developments, home mortgages, home improvement loans, loans to landlords for renovations, grants to neighborhood housing groups and other programs.

MHDC does not build or renovate housing itself; rather, it functions as a bank, providing financing directly to borrowers or through a network of private lending institutions. Most of MHDC's programs operate as a public-private partnership.

The Commission was established to provide affordable housing to Missourians with lower incomes, but it also offers opportunities that assist people to become self-sufficient. By creating jobs, involving communities, eliminating barriers, and enabling Missouri residents with low to moderate incomes -- especially those in distressed areas -- to become more independent, MHDC is helping to make Missouri a better place to live.



# Missouri Housing Development Commission:

*Strengthening Communities and the lives of Missourians*



**Gary D. Collins**

We are pleased to report that the work of the Missouri Housing Development Commission continues to strengthen communities and the lives of Missourians. Celebrating our longstanding partnerships, we also welcome the new connections we have made to expand the possibilities for the future.

We know that every day some extraordinary things are happening in Missouri communities. The number of people reached, with a wide range of programs, is remarkable. In addition to affordable rental housing and home ownership opportunities, our partners work daily to provide shelters for the homeless; transitional housing; utility and emergency rental assistance for families in a tight spot; and sanctuary for those who need refuge from an abusive relationship.

The fruits of our labor have not gone unnoticed. The National Council of State Housing Agencies chose to recognize our efforts with two Awards for Program Excellence in 2004: the first for the preservation of eleven properties in rural Missouri, and the second for development of a web-based budget reporting system for property managers.

Our plans for the future continue to include the financing of new housing stock where it is most needed, the preservation of existing affordable housing in cities and towns throughout Missouri, and innovative ideas to prevent homelessness and serve the most vulnerable Missourians.

This report celebrates our successes of 2004. Even more importantly, it paves the way to accomplish more in 2005 and beyond. Let's get to work!

Gary D. Collins  
Chair

Erica A. Dobreff  
Executive Director



**Erica A. Dobreff**

# The Commission

June 30, 2004



Bob Holden  
Governor



Joe Maxwell  
Lieutenant Governor



Jeremiah W. (Jay) Nixon  
Attorney General



Nancy Farmer  
State Treasurer/Vice Chair



Gary D. Collins  
Chairman



Dwayne A. Crompton  
Secretary, Treasurer



Anne B. Schmidt  
Commissioner



William H. Creech, Jr.  
Commissioner



Ronald L. Bobo, Sr.  
Commissioner



Jane B. Klieve  
Commissioner





Hawthorne Apartments  
Independence, MO

# Investing In Our Future

When housing needs are appropriately met, children are more likely to be healthy and perform well in school. Parents are more likely to be productive members of a strong workforce.

**Affordable housing is critically important to the well-being and health of children and families. With decent and affordable housing:**

- ▶ Children health and development improve.
- ▶ Children perform better in school.
- ▶ Parents are more able to provide healthy housing in stable and safe neighborhoods.

Families who pay too much for housing have too little left for other necessities such as food, clothing and health care. They may not be able to pay for transportation and child care, making it harder to go to work and school each day.

At the extreme, families can end up homeless, even further exaggerating the negative health, education and developmental effects on the children.

While this lack of affordable housing impacts many low-income households, the negative effects are magnified in families with children.



Urban Forest Redevelopment  
Kansas City, MO



Park Place Apartments  
Rolla, MO

**Parents face challenges and expenses that households without children do not:**

- ▶ Less flexibility for work hours and job relocation,
- ▶ Child care and educational costs,
- ▶ Higher percentage of income required for food, health care and other regular expenses.

For these reasons, it is particularly important to try to level the playing field in terms of housing for low-income families with children.



Hawthorne Apartments  
Independence, MO



Townsend & Wall Lofts  
St. Joseph, MO



Ridgecrest Apartments  
St. Louis, MO

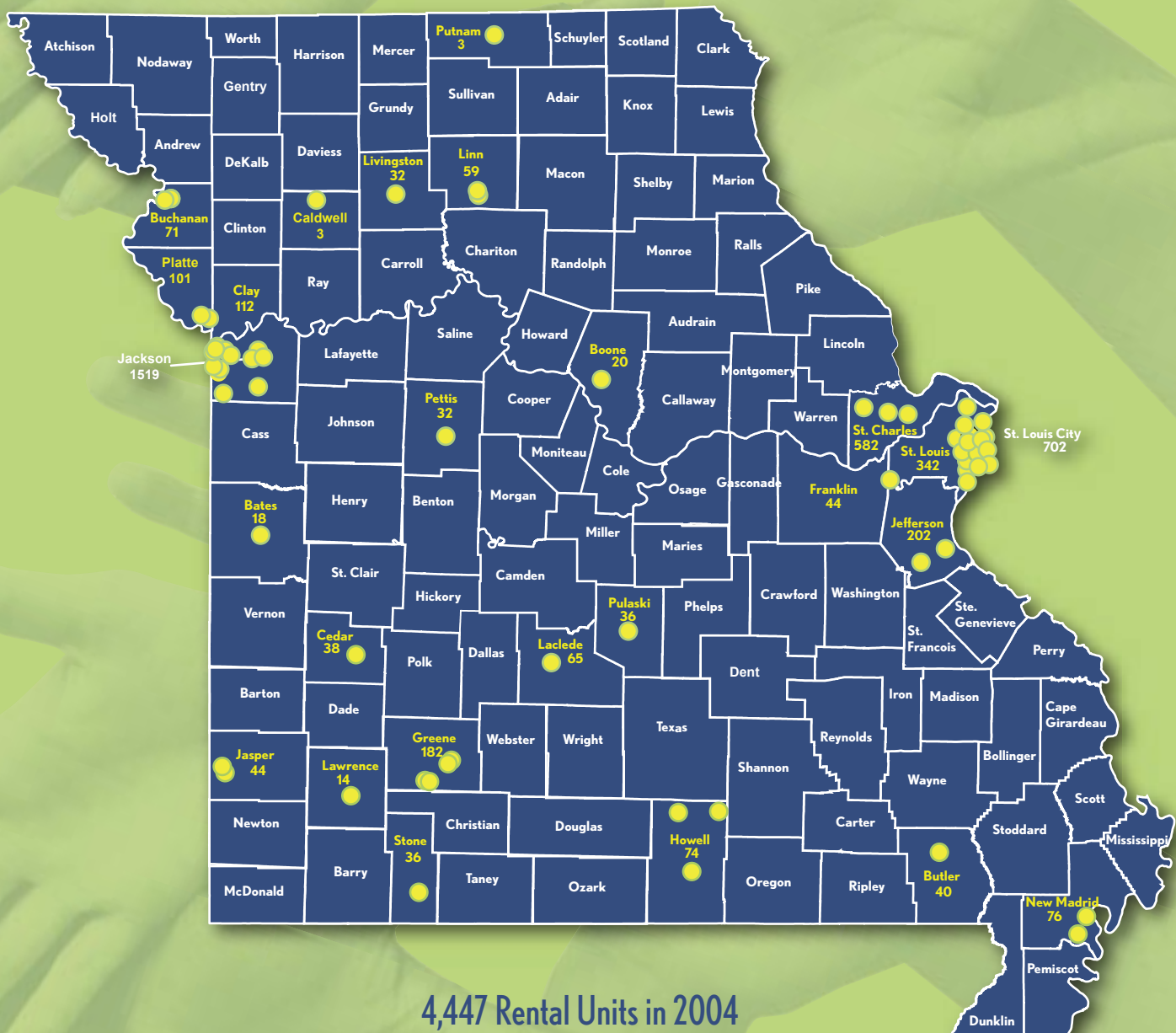


Valley Southwest Apartments  
Marshall, MO



Bentwood Townhomes  
St. Louis County

## Affordable Rental Units Produced in 2004





# Home Ownership

Expanding opportunities for people to become homeowners is an important MHDC objective. In 2004, MHDC financed 2,808 home purchases with more than \$230 million through the First Place Loan program. The increase of purchase price limits in 2004 raised the average purchase price from about \$61,000 to \$82,068.



Home ownership, a metaphor for financial and family security, is an umbrella that shelters families in times of uncertainty or need. Home ownership is stabilizing – bringing assets, security and long-term economic and social benefits to families as well as neighborhoods. When home ownership wanes, the neighborhood often declines. Conversely, when home ownership is on the rise, the number of families with a stake in improving and preserving the neighborhood increases as well.

These intertwined systems of benefits, for families and for neighborhoods, provide a context for the work of expanding home ownership opportunities. It means providing low-interest loans with cash assistance payments or providing up to \$10,000 for down payment assistance.



Home ownership gives families choices. Families choose to invest in a house. They choose responsibility, a willingness to show they have the wherewithal to own and maintain a home.

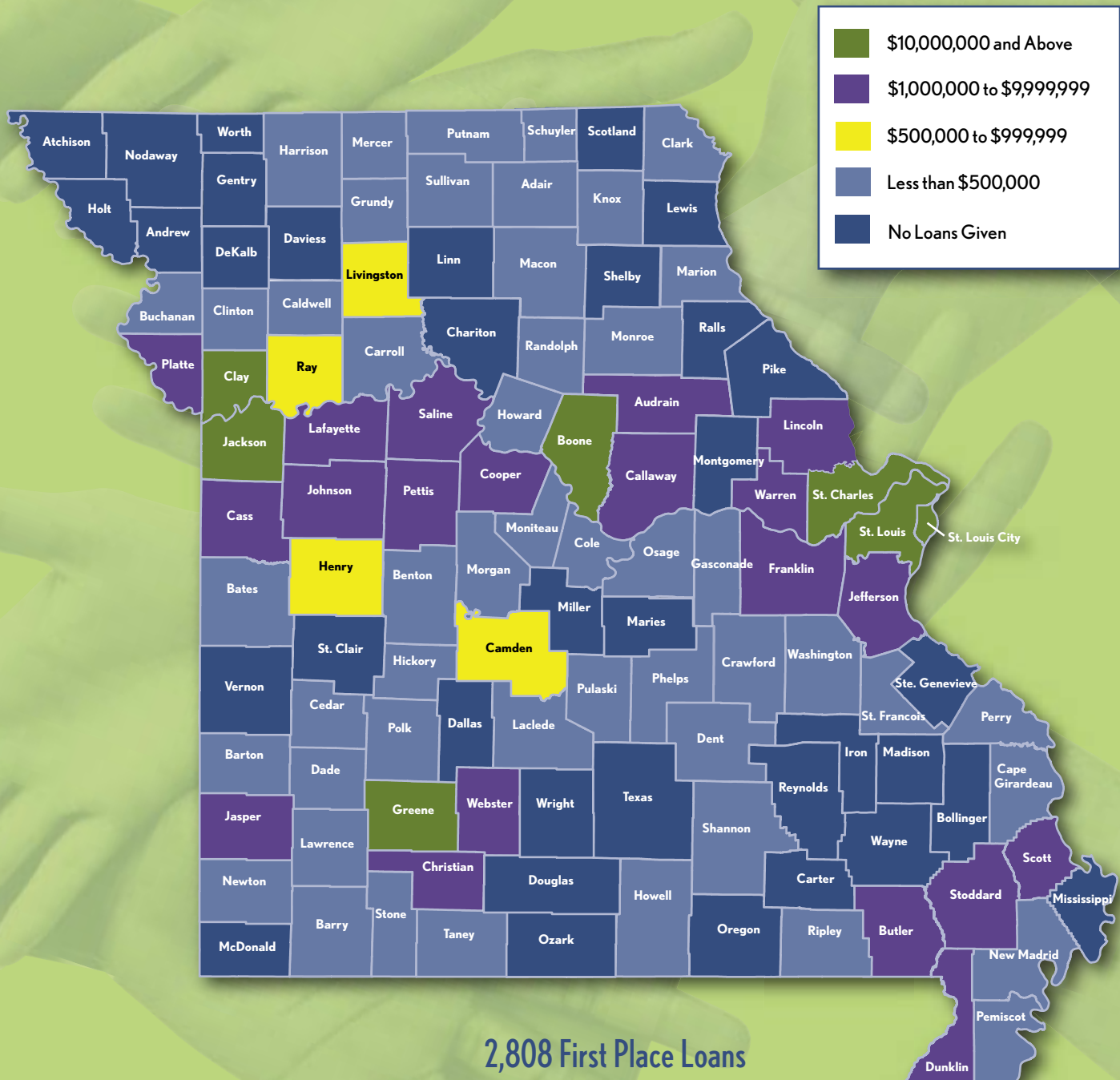
For families of modest means and perhaps without a tradition of ownership, these choices are significant and may lead to one of the most important investments a family can make.





## First Place Loans in 2004

Single Family MRB Loans in 2004 per County



2,808 First Place Loans  
\$230.5 million in loans



Almost Home  
St. Louis, MO



Hawthorne Apartments  
Independence, MO



Phoenix Family Housing  
Statewide

# Trust Fund

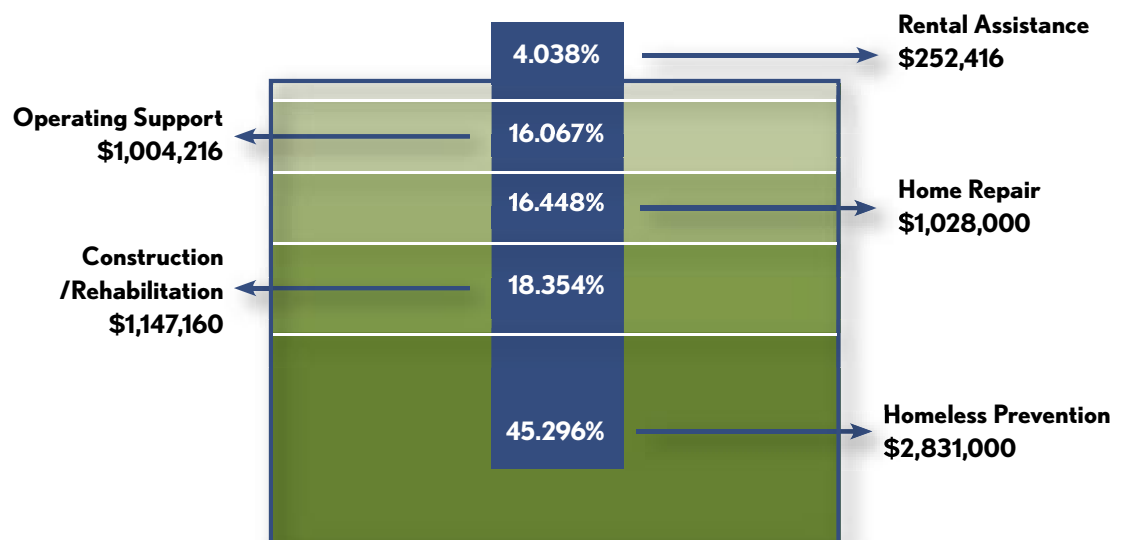
Missouri Housing Trust Fund resources provide assistance to the homeless population or those who are at risk of becoming homeless. Since its inception, the fund has woven together an umbrella of service agencies that provide assistance in communities across the state.

In recent years, homeless prevention has become a key strategy in the fight to ensure affordable housing for Missouri citizens. The inherent costs of providing homeless shelters and transitional housing could be mitigated through increased assistance such as temporary rental or mortgage payments, utility payments or deposits, or emergency home repairs.

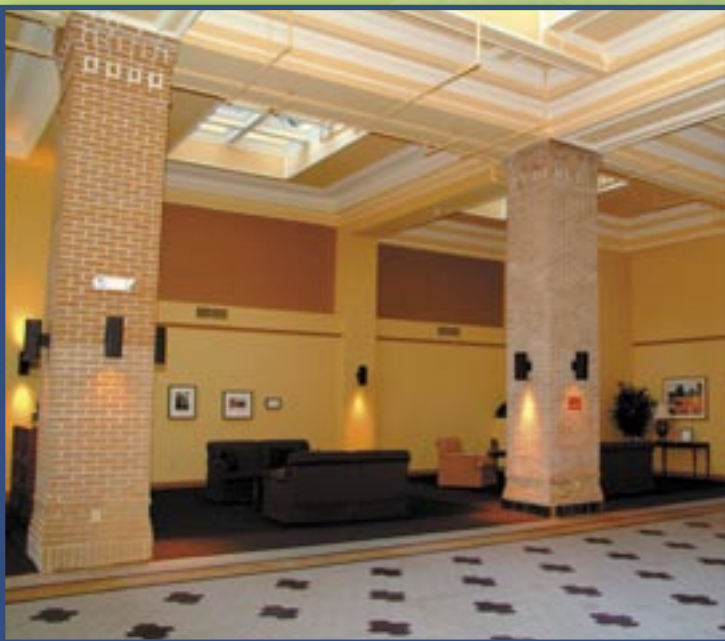
Traditional shelters and transitional housing facilities are still part of the infrastructure needed to assist Missourians. Even though efforts continue to prevent homelessness, there is still a need to provide for these facilities through the Trust Fund, which is used to build, renovate and operate these vital community assets.

Although Trust Fund assistance is limited, the agencies who benefit from these funds serve on the frontlines in our cities, towns and counties providing housing services 24 hours a day, 365 days a year.

## Trust Fund Allocations by Grant Type







# Focus on Community

## *Frisco Station – Joplin, MO*



*Before*



*After*

Rehabilitation of an old building takes vision. Some people look at a rundown building that once was beautiful and think of tearing it down for modern development. Still others see an opportunity. MHDC has helped finance a number of historic rehabilitation efforts that include aging buildings that once served honorably as cornerstones of communities and neighborhoods. One of these buildings is Frisco Station Apartments. Thousands of residents and visitors once transited through the old railroad depot. Carlson Gardner, Inc. purchased the 89-year-old Frisco Building in 2001. The historic building had been vacant for more than 14 years. Carlson Gardner, Inc. was awarded \$585,541 in annual tax credits for 10 years and has rehabilitated and converted the Frisco Building at 601 S. Main St. into an apartment complex for senior citizens. There are 57 one- and two-bedroom units that rent for \$280 to \$410 a month. In recent years, Missouri Housing has partnered with many different cities and developers to bring once grand structures back to their previous glory and magnificent architecture. This has included hospitals, hotels, factories, department stores and schools. The possibilities are endless and our vision and the vision of Missouri citizens make it happen.

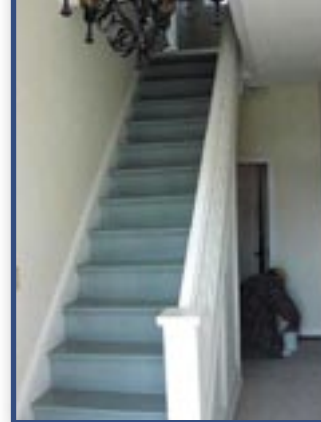




Cape Girardeau, MO



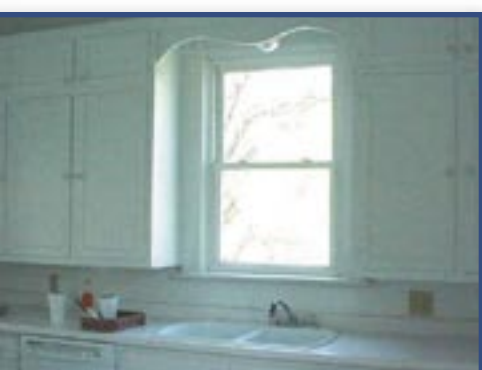
*Before*



*After*



*Before*



*After*

## Home Repair

Seniors too often live in older homes that desperately need some repair or modification to accommodate lifestyle changes or declining abilities.

These older homes are often unsafe for families with children because of the danger of lead-based paint poisoning.

Additionally, the cost of building new homes in some of the most rural of areas in the state makes preserving the current housing stock a high priority. Funding for home repairs may also be the only thing that stands between a low-income family and homelessness.

MHDC funded \$1.35 million in repairs through the HOME Repair Opportunity (HeRO) program in 2004.

# 2004 Awards

Missouri Housing Development Commission was honored by the National Council of State Housing Agencies with two Program Excellence Awards for 2004.

Under the Rental Production and Preservation category, MHDC was honored for initiating **Rural Development 11 (RD11)** to apply critically needed financing to preserve 328 assisted units in 11 properties built between 1979 and 1982 with Farmers Home financing.

Located in 11 rural Missouri communities and nine different counties, these properties were all close to being lost from the affordable housing inventory due to massive deferred maintenance issues. MHDC issued tax exempt bonds to wrap refinancing and rehabilitation of the 11 properties into one transaction and underwrote a new mortgage for each of the individual properties. USDA/Rural Development, in an unprecedented agreement, subordinated the first mortgage on each of the properties and wrote down the mortgages on three to assure sufficient cash flow to service the new debt. This innovative and cooperative effort has the potential to save thousands of rural development units in small communities across the country.



**If time is indeed money, MHDC stands to save a lot with their award in the Management Innovation category.**

MHDC wanted to improve the timeliness and quality of budget reviews for their multifamily loan portfolio. Through a cooperative effort with RSM McGladrey, Inc. business services firm, a Web-Based Reporting System was established to monitor the performance of tax credit properties; foster asset management of more than 350 multifamily properties; and establish a timely process to approve rent increases and distribution requests.

The process succeeded in changing the 10-month budget review process into a quick turnaround program. The entire multifamily portfolio was completed in just three months.

This new web-based system has already evolved, starting with the budget review process. It now includes audited financial statements. Owner/managers submit their audited financial statements and the system will analyze the information from this data. MHDC and RSM believe that the system has even broader potential, including analysis of development costs and further information. Missouri Housing staff believes the system will continue to revolutionize the way HFAs and housing agencies manage their rental property portfolio.



Jackson Senior Apartments  
*Jackson, MO*



Habitat for Humanity  
*St. Louis County*



Jessica Estates  
*Raytown, MO*



Jazz District Apartments  
*Kansas City, MO*

## Financial Information

*For the fiscal year ending June 30, 2004*

***Missouri Housing Development Commission  
and Missouri Housing Trust Fund***



# Missouri Housing Development Commission

## BALANCE SHEET *(In Thousands)*

June 30,

| Assets  | 2004               | 2003               |
|---|--------------------|--------------------|
| <b>Current Assets</b>   |                    |                    |
| Cash and temporary cash investments   | \$5,856            | \$849              |
| Investments   | 15,780             | 14,362             |
| Mortgage investments  | 6,188              | 3,188              |
| Accrued interest receivable   | 1,342              | 1,433              |
| Accounts receivable - other   | 207                | 1                  |
| Prepaid expenses  | 110                | 90                 |
| <b>Total Current Assets</b>   | <b>29,483</b>      | <b>19,923</b>      |
| <b>Noncurrent Assets</b>  |                    |                    |
| <b>Restricted Assets:</b>   |                    |                    |
| Cash and temporary cash investments   | 25,484             | 11,303             |
| Investments   | 419,150            | 459,934            |
| Mortgage investments  | 1,035,752          | 1,168,134          |
| Accrued interest receivable   | 7,912              | 9,255              |
| Deferred financing charges  | 31,178             | 34,168             |
| <b>Total Restricted Assets</b>  | <b>1,519,476</b>   | <b>1,682,794</b>   |
| Investments   | 44,139             | 47,398             |
| Mortgage investments, net of current portion and allowances for loan losses (\$18,626 in 2004 and \$16,124 in 2003) | 81,720             | 76,445             |
| Property and equipment  | 661                | 474                |
| Rental properties   | —                  | 222                |
| <b>Total Noncurrent Assets</b>  | <b>1,645,996</b>   | <b>1,807,333</b>   |
| <b>Total Assets</b>   | <b>\$1,675,479</b> | <b>\$1,827,256</b> |

Audited financial statements may be viewed at the Missouri Housing Development Commission's website at [www.mhdc.com](http://www.mhdc.com).  
Paper copies are available upon written request.

# Missouri Housing Development Commission

## BALANCE SHEET CONTINUED *(In Thousands)*

June 30,

| Liabilities And Net Assets  | 2004               | 2003               |
|---|--------------------|--------------------|
| <b>Liabilities</b>  |                    |                    |
| <b>Current Liabilities</b>  |                    |                    |
| Bonds and notes payable   | \$525              | \$406              |
| Accounts payable  | 813                | 999                |
| Deferred financing and commitment fees                            | 610                | 521                |
| <b>Total Current Liabilities</b>                                  | <b>1,948</b>       | <b>1,926</b>       |
| <b>Current Liabilities - Payable From Restricted Assets</b>       |                    |                    |
| Bonds and notes payable   | 46,258             | 58,931             |
| Accrued interest payable  | 19,396             | 22,714             |
| Escrow deposits   | 63,615             | 54,856             |
| Rent subsidies and other payables                                 | 1,904              | 1,154              |
| Accounts payable  | 2,247              | 2,922              |
| Deferred financing and commitment fees                            | 1,288              | 1,437              |
| <b>Total Current Liabilities - Payable From Restricted Assets</b> | <b>134,708</b>     | <b>142,014</b>     |
| <b>Noncurrent Liabilities</b>                                     |                    |                    |
| Bonds and notes payable   | 1,192,451          | 1,319,155          |
| Deferred financing and commitment fees                            | 12,518             | 11,751             |
| <b>Total Noncurrent Liabilities</b>                               | <b>1,204,969</b>   | <b>1,330,906</b>   |
| <b>Total Liabilities</b>  | <b>1,341,625</b>   | <b>1,474,846</b>   |
| <b>Net Assets</b>   |                    |                    |
| Invested in capital assets  | 661                | 696                |
| Restricted by the Commission, bond resolution and State Statute   | 311,701            | 328,832            |
| Unrestricted  | 21,492             | 22,882             |
| <b>Total Net Assets</b>   | <b>333,854</b>     | <b>352,410</b>     |
| <b>Total Liabilities And Net Assets</b>                           | <b>\$1,675,479</b> | <b>\$1,827,256</b> |

# Missouri Housing Development Commission

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (In Thousands)

For the Years Ended  
June 30,

| Operating Revenues                                   | 2004      | 2003      |
|--|-----------|-----------|
| Interest and investment income:                      |           |           |
| Income - mortgage investments                        | \$ 61,881 | \$ 77,911 |
| Income - investments                                 | 15,079    | 15,662    |
| Net increase (decrease) in fair value of investments | (28,462)  | 15,167    |
| Total interest and investment income                 | 48,498    | 108,740   |
| Administration fees                                  | 6,384     | 5,100     |
| Financing fees and other                             | 17,759    | 15,100    |
| Federal financial assistance and grants              | 116,179   | 94,422    |
| Total Operating Revenues                             | 188,820   | 223,362   |
| Operating Expenses                                   |           |           |
| Interest on bonds                                    | 65,373    | 78,962    |
| Bank miscellaneous bond debt expense                 | 4,340     | 5,482     |
| Salaries   | 5,027     | 4,811     |
| General and administrative expenses                  | 4,777     | 4,931     |
| Provision for loan and real estate owned losses      | 3,000     | 1,420     |
| Rent and other subsidy payments                      | 3,428     | 4,711     |
| Housing Trust Fund grants                            | 5,379     | 5,585     |
| Federal financial assistance and grants              | 116,052   | 94,331    |
| Total Operating Expenses                             | 207,376   | 200,233   |
| Change In Net Assets                                 | (18,556)  | 23,129    |
| Net Assets - Beginning Of Year                       | 352,410   | 329,281   |
| Net Assets - End Of Year                             | \$333,854 | \$352,410 |



# Missouri Housing Trust Fund

## BALANCE SHEET *(In Thousands)*

June 30,

| Assets                                  | 2004           | 2003           |
|---|----------------|----------------|
| <b>Current Assets</b>                   |                |                |
| U.S. government and agency securities   | \$4,824        | \$5,584        |
| Mortgage loans                          | 24             | 23             |
| Accrued interest receivable             | 45             | 69             |
| Accounts receivable                     | 803            | —              |
| <b>Total Current Assets</b>             | <b>5,696</b>   | <b>5,676</b>   |
| <b>Noncurrent Assets</b>                |                |                |
| Mortgage loans                          | 352            | 376            |
| <b>Total Assets</b>                     | <b>\$6,048</b> | <b>\$6,052</b> |
| <b>Liabilities And Net Assets</b>       |                |                |
| <b>Liabilities</b>                      |                |                |
| Accounts payable                        | —              | \$578          |
| <b>Net Assets</b>                       |                |                |
| Restricted                              | 6,048          | 5,474          |
| <b>Total Liabilities And Net Assets</b> | <b>\$6,048</b> | <b>\$6,052</b> |

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS *(In Thousands)*

For The Years Ended  
June 30,

|                                       | 2004           | 2003           |
|---------------------------------------|----------------|----------------|
| <b>Operating Revenues</b>             |                |                |
| Recording fees                        | \$5,988        | \$5,259        |
| Interest income                       | 85             | 261            |
| <b>Total Operating Revenues</b>       | <b>6,073</b>   | <b>5,520</b>   |
| <b>Operating Expenses</b>             |                |                |
| Trust Fund grants                     | 5,379          | 5,585          |
| Administrative expenses               | 120            | 105            |
| <b>Total Operating Expenses</b>       | <b>5,499</b>   | <b>5,690</b>   |
| <b>Change In Net Assets</b>           | <b>574</b>     | <b>(170)</b>   |
| <b>Net Assets - Beginning Of Year</b> | <b>5,474</b>   | <b>5,644</b>   |
| <b>Net Assets - End Of Year</b>       | <b>\$6,048</b> | <b>\$5,474</b> |

The Missouri Housing Trust Fund's audited financial statements may be viewed at the Missouri Housing Development Commission's website at [www.mhdc.com](http://www.mhdc.com). Paper copies are available upon written request.

# Staff *June 30, 2004*

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Connie Mathews  
Fran Lehane  
Daniel McKim  
Darlene Sims  
Dave Maslen  
David Bryan  
Deanna Fox  
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Deborah Thompson  
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Kimberly Robertson  
Kimberly Rose  
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Michael Sullivan  
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Rachel Davis  
Ralph Littleton  
Rickey Pierre  
Robert Odell  
Ron Hill  
Ron Hupp  
Rozanne Taylor  
Ruby Davis  
Sandra Gant  
Sandra Tillman  
Scott Hanak  
Sharon Mumma  
Sheila Beck  
Sheila Collier  
Sheila Moore  
Sheldon White  
Shirley Winn  
Steve Sillimon  
Susan Kornelis  
Teresa Jones  
Tina Clavin  
Trudi Taylor  
Ulysses Clayborn  
Valori Sanders  
Wendell Heyen  
Wendy Clark



*Strength, Dignity, Quality of Life*

**MISSOURI HOUSING**  
DEVELOPMENT COMMISSION

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